

February 28, 2023

MNR Educational Trust: Downgraded and moved to Non-Cooperating category

Summary of rating action

Instrument [^]	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term-Term loans	51.00	51.00	[ICRA]BB+(Stable) ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BBB+ (Stable) and moved to the 'Issuer Not Cooperating' category
Long-term-Cash Credit	6.00	6.00	[ICRA]BB+(Stable) ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BBB+ (Stable) and moved to the 'Issuer Not Cooperating' category
Total	57.00	57.00	

*Issuer did not cooperate; based on best available information.

[^]Instrument details are provided in Annexure-1

Rationale

While arriving at the rating, ICRA has taken a consolidated view of the MNR Group, which includes MNR Educational Trust (MET) and MNR Research Conventions (P) Ltd (MNRRCP), along with its 100% subsidiary, MNR Teach Trillion DMCC (MNR TT).

The ratings have been moved to the "Issuer Not Cooperating" category because of lack of adequate information regarding MNR Educational Trust (MET) performance and hence the uncertainty around its credit risk. ICRA assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its "Policy in respect of non-cooperation by a rated entity" available at www.icra.in. The lenders, investors and other market participants are thus advised to exercise appropriate caution while using these ratings as the ratings may not adequately reflect the credit risk profile of the entity.

As part of its process and in accordance with its rating agreement with MET, ICRA has been trying to seek information from the entity to monitor its performance. Despite multiple requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite information and in line with the aforesaid policy of ICRA, the rating has been moved to the "Issuer Not Cooperating" category. The rating is based on the best available information.

Please refer to the following link for the previous detailed rationale that captures the Key rating drivers and their description, Liquidity position, Rating sensitivities: [Click here](#). ICRA is unable to provide the latest information because of non-cooperation by the entity.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Policy in respect of non-co-operation by the rated entity Rating Methodology for Entities in the Higher Education Sector
Parent/Group Support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has taken a consolidated view of the MNR Group (MNRG) which includes MNR Educational Trust (MET) and MNR Research Conventions (P) Ltd (MNRRCP) along with its 100% subsidiary MNR Teach Trillion DMCC (MNR TT).

About the company

The MNR Group is promoted by Mr. M. N. Raju (Chairman) and his son Mr. M. S. Ravi Verma (Vice Chairman). The MNR Educational Trust (MET) was established in 1992 by Mr. Raju. At present, it runs schools, junior and degree colleges, post-graduate colleges and teacher training colleges. It also provides medical and engineering education and operates a 600-bed teaching hospital at Sangareddy, Telangana. There are 28 institutions under the trust, which are located primarily in Hyderabad.

MNR Research Conventions Pvt. Ltd. (MNR RCPL) was incorporated in 2015. It operates 28 play schools under the MNR Golden Kids label and conducts pre-primary teacher training courses in Hyderabad and Navi Mumbai. MNRRCPL has a wholly-owned subsidiary, MNR Teach-Trillion DMCC (MNR TT), which owns a Talent and Skill Development Institute in the UAE and has constructed an American curriculum school named Mantena American School (MAS) in the Muwaileh Area, Sharjah.

Key financial indicators (audited)

Consolidated	FY2021	FY2022
Operating Income (Rs. crore)	135.3	172.1
PAT (Rs. crore)	0.0	4.7
OPBDITA/OI (%)	20.8%	19.1%
PAT (%)	0.0%	2.7%
Total Outside Liabilities/Tangible Net Worth (times)	0.6	0.5
Total Debt/OPBDITA (times)	7.9	2.7
Interest Coverage (times)	2.3	3.1

Source: Company

PAT: Profit after Tax; OPBDITA: Operating Profit before Depreciation, Interest, Taxes and Amortisation; ROCE: Return on Capital Employed; DSCR: Debt Service Coverage Ratio

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2023)				Chronology of Rating History		
		Type	Amount Rated	Amount Outstanding (Rs. crore) as on March 31, 2022.	Date & Rating in	for the past 3 years		
						Date & Rating in FY2022	Date & Rating in FY2021	-
					February 28, 2023	November 19, 2021	August 27, 2020	-
1	Term Loan	Long term	51.00	32.39	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)	-
2	Cash Credit	Long term	6.00	-	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term- Term Loan	Simple
Long-term- Cash Credit	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: [click here](#)

Annexure-1: Instrument details

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long-term- Term Loan	Dec 2017	-	Mar 2025	51.0	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING
NA	Long-term- Cash Credit	NA		NA	6.0	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING

Source: Company

Annexure-2: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
MNR Research Conventions (P) Ltd*	28% owned by MET	Full Consolidation
MNR Teach Trillion DMCC	100% owned by MNRRCP	Full Consolidation

Source: MNR Educational Trust; *The trustees of MET hold the remaining 72% stake in MNRRCP

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